

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2674 - SB 2837

February 21, 2012

SUMMARY OF BILL: Grants a teacher who has taught in a Tennessee public school at least three years and who has achieved certification by the National Board for Professional Teaching Standards (NBPTS) a \$5,000 annual salary supplement in addition to other compensation. Continues the supplement each year for teachers meeting the previous requirements and as long as the teacher maintains NBPTS certification; is a full-time employee in a Tennessee public school; and serves in a position where classroom instruction is at least 50 percent of their assigned duties. Classifies the salary supplement as earnable compensation. Directs the State Board of Education (SBE) to promulgate rules and regulations necessary to effectuate this act. Teachers will begin receiving supplements effective July 1, 2012.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$3,121,700/FY12-13

\$5,304,000/FY13-14

Exceeds \$5,304,000/FY14-15 and Subsequent Fiscal Years

Other Fiscal Impact – Local education agencies (LEAs) currently awarding similar supplements to NBPTS certified teachers may choose to decrease or end these awards. Any decrease in local expenditures will be permissive and dependent upon the current award amount, the number of teachers within the LEA receiving an award, and the action of the local school board or legislative body. This decrease is not quantifiable.

Assumptions:


- According to the Comptroller of the Treasury, Tennessee has 535 teachers who are NBPTS certified.
- Since one of the eligibility criteria for NBPTS certification is three years of teaching experience, it is assumed that all 535 teachers will receive the supplement in FY12-13.
- The increase in state expenditures in FY12-13 for salary supplements will be \$2,675,000 (\$5,000 x 535). Because the supplements are considered earnable compensation, the state will also pay 16.7 percent for benefits (includes retirement and FICA) on the supplements. The increase in state expenditures for benefits in FY12-13 will be \$446,725 (\$2,675,000 x 16.7%).
- The total increase in state expenditures in FY12-13 will be \$3,121,725 (\$2,675,000 + \$446,725).

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- According to the Department of Education, North Carolina has a state-wide incentive plan for National Board Certification. In North Carolina, approximately one and a half percent pursue certification annually. Applying that percentage in Tennessee, 973 (64,849 teachers x 1.5%) additional teachers will pursue certification annually.
- According to the National Board, only 38.4 percent of those who pursue certification attain it within a year. If 38.4 percent of applicants in the second year of the program attain certification, there will be an additional 374 teachers receiving supplements in FY13-14.
- The increase in state expenditures for an additional 374 teachers in FY13-14 who will receive supplements will be \$1,870,000 (374 x \$5,000). Benefits for an additional 374 teachers will be \$312,290 (\$1,870,000 x 16.7%). The total increase in state expenditures for an additional 374 teachers in FY13-14 will be \$2,182,290 (\$1,870,000 + \$312,290).
- The 535 original teachers receiving the supplement in FY12-13 will also receive the supplement in FY13-14.
- The total increase in state expenditures in FY13-14 will be \$5,304,015 (\$3,121,725 FY12-13 + \$2,182,290).
- The increase in state expenditures in FY14-15 and subsequent fiscal years will be exceed \$5,304,015.
- Rules and regulations will be promulgated by the SBE within the normal course of the SBE's meetings without an increase in personnel or a reduction in other budget items.
- LEAs currently awarding salary supplements to teachers with NBPTS certification may choose to decrease or end these awards. Any decrease in local expenditures will be permissive and is not quantifiable.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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